

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BAB1014 – FINANCIAL ACCOUNTING FOR MANAGERS
(All sections / Groups)

04 JUNE 2018
09.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with 4 Questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1**PART A**

The ledger account balances as at December 2017 for The Grandeur Company are listed as below.

Items	RM
Accounts Payable	6,000
Accounts Receivable	7,000
Cash	5,200
Owner's Capital	11,000
Owner's Drawings	4,000
Service Revenue	30,000
Salaries and Wages Expense	20,800
Unearned Service Revenue	2,000
Utilities Expense	12,000

Required

Kindly prepare a trial balance in proper format for The Grandeur at December 31, 2017.
(10 marks)

PART B

On 1st July 2017, An Najjah Company borrows RM150,000 from Kon Leong Bank by signing a 1-year, 8%, interest-bearing note.

Required :

- Prepare the journal entry on 1st July 2017 when the note was issued.
- Prepare any adjusting entries necessary on 31st December 2017 for the purpose of preparing annual financial statements. (Show workings to support your answer)
- Prepare the entry to record payment of the note at maturity. (Please provide the date of the maturity as well)
- List out THREE (3) purpose of issuing promissory note .

(15 marks)

Total: 25 marks

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QUESTION 2

The following is the trial balances extracted from the books of Malinja Sdn Bhd as at 31 December 2017.

Accounts	Debit (RM)	Credit (RM)
Capital		90,120
10% Loan from Affinin Bank		80,000
Purchase and Sales	57,600	99,700
Return Inwards and Outwards	4,940	2,550
Rental income		10,000
Carriage inwards	2,620	
Carriage outwards	2,520	
Salaries and wages	9,800	
Electricity	2,120	
Investment in Capital Bhd	51,000	
Bank	10,200	
Commission income		2,800
Marketing expenses	7,500	
Discount Allowed and Received	2,930	3,650
Maintenance expenses	1,900	
Dividend from Capital Bhd		1,600
Insurance	1,600	
General expenses	1,500	
Allowance for Doubtful Accounts		2,110
Land	86,000	
Delivery Van	20,000	
Office Equipment	18,000	
Accounts Receivable and Payable	12,700	12,500
Inventory as at 1 January 2017	12,100	
	305,030	305,030

Additional Information:

- Inventory as at 31 December 2017 was valued at RM10,000.
- The following expenses were still accrued as at 31 December 2017:

Insurance expenses	RM1,300
Salaries expenses	RM1,000
- Uncollectible accounts are estimated to total RM2,500 at the end of the period.
- The following revenues were not yet received as at 31 December 2017:

Rental income	RM2,000
Commission income	RM2,200

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5. Loan from Affinin Bank was taken on 1st July 2017. No interest payment has yet been made.
6. Depreciation on non-current assets as at 31 December 2017 will be charged as follows:

Delivery van	20% per annum on cost, yearly basis
Office equipment	10% per annum on net book value, yearly basis
7. Saleha, the owner of the business, withdrew goods worth RM500 to be given as a wedding present to his cousin
8. RM500 of the dividend in Capital Bhd was not yet received at the end of the accounting period.

Required:

- a) Prepare Income Statement for the year ended 31st December 2017 . (13.5 marks)
- b) Prepare Statement of Financial Position as at 31st December 2017. (11.5 marks)

Total : 25 marks**Continued...**

QUESTION 3**PART A**

Selected data from Terapi Company are presented below:

	RM
Total assets	1,600,000
Average assets	2,000,000
Net income	380,000
Net sales	1,500,000
Average common stockholders' equity	1,000,000

Required :

- Calculate the 3 profitability ratios that can be computed from the above information. (9 marks)
- Kindly explain the profitability level of Terapi Company using the profitability ratio calculated in part (a) (2 marks)

PART B

- Below is the comparative statement of financial position of Silviya Company as at 2016 and 2017

SILVIYA COMPANY
Comparative Statement of Financial Position
December 31

<u>Assets</u>	2017	2016
	RM	RM
Current assets	520	360
Property, plant and equipment	880	650
Total assets	1,400	1,010
 <u>Liabilities and stockholders' equity</u>		
Current liabilities	268	220
Long term loan	350	180
Common stock	582	360
Retained earnings	200	250
Total liabilities and stockholders' equity	1,400	1,010

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Required :

By using the above data kindly compute comparative (2016 and 2017) vertical analysis for Silviya Company (9 marks)

- b) Horizontal analysis (trend analysis) percentages for Melur Company's sales, cost of goods sold, and expenses are as below :

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sales	98.20%	104.80%	100.00%
Cost of goods sold	102.5	98	100
Expenses	108.6	96.4	100

Required :

Explain whether Melur Company's net income increased, decreased, or remained unchanged over the 3-year period. (5 marks)

Total : 25 marks

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Question 4**PART A**

MILTON COMPANY
Comparative Statement of Financial Position
as at December 2016 and 2017

	2017 (RM)	2016 (RM)
<u>Assets</u>		
Cash	41,000	35,000
Accounts receivable	75,000	53,000
Inventories	120,000	132,000
Prepaid expenses	19,000	25,000
Investments	100,000	75,000
Plant assets	325,000	250,000
Accumulated depreciation	(65,000)	(60,000)
Total	615,000	510,000
<u>Liabilities and Stockholders' Equity</u>		
Accounts payable	93,000	75,000
Accrued expenses payable	29,000	24,000
Bonds payable	120,000	160,000
Common stock	275,000	170,000
Retained earnings	98,000	81,000
Total	615,000	510,000

MILTON COMPANY
Income Statement
For the Year Ended December 31, 2017

	RM
Sales	450,000
Less:	
Cost of goods sold	300,000
Operating expenses (excluding depreciation)	60,000
Depreciation expense	17,000
Income taxes	20,000
Interest expense	18,000
Loss on sale of plant assets	3,000
	418,000
Net income	32,000

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Additional information:

1. New plant assets costing RM 100,000 were purchased for cash in 2017.
2. Old plant assets costing RM 25,000 were sold for RM 10,000 cash when book value was RM13,000.
3. Bonds with a face value of RM40,000 were converted into RM40,000 of common stock.
4. A cash dividend of RM15,000 was declared and paid during the year.
5. Accounts payable pertain to merchandise purchases.

Required :

- a) Calculate the net cash inflow or outflow for investing activities.
- b) Calculate the net cash inflow or outflow for financing activities.
- c) Give 4 example of cash outflow for operation activities .

(16 marks)

PART B

Identify the internal control procedures that applicable in each of the following situations of the cash receipts and cash disbursements situations of Mersing Berhad.

- a. Company cheques are pre-numbered.
- b. The treasurer compares the total cash receipts to the bank deposit daily.
- c. The bookkeeper records cash receipts which are held by the treasurer.
- d. The bookkeeper, not the treasurer, records cash disbursements.
- e. Deposit slips are completed for each deposit.
- f. All cashiers are bonded
- g. Only the treasurer is authorized to sign cheques.
- h. Bonding of employees that handle cash.
- i. Only the treasurer holds cash receipts.

(9 marks)

Total : 25 Marks

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